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SIPDIS

DEPT FOR EUR/NCE AND INL
JUSTICE FOR OIA, AFMLS, AND NDDS
TREASURY FOR FINCEN
DEA FOR OILS AND OFFICE OF DIVERSION CONTROL

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SUBJECT: BULGARIA: 2005-2006 INTERNATIONAL NARCOTICS
CONTROL STRATEGY REPORT (INCSR)

REF: (A) STATE 209561, (B) STATE 210351

1. Per reftels, Post provides its submission for the 2005-2006 International Narcotics Control Strategy Report for Bulgaria.

Begin text of 2005-2006 INCSR for Bulgaria:

Part I - DRUGS AND CHEMICAL CONTROL

I. Summary

Bulgaria is a major transit country, as well as a producer of illicit narcotics. Strategically situated on Balkan transit routes, Bulgaria is vulnerable to illegal flows of drugs, people, contraband, and money. Heroin moves through Bulgaria from Southwest Asia, while chemicals used for making heroin move from the former Yugoslavia to Turkey and beyond. It is thought that much of the heroin distributed in Europe is transported through Bulgaria. Marijuana and cocaine are also transported through Bulgaria.

The Government of Bulgaria has continued to make progress in improving its law enforcement capabilities and customs services, closure of some illegal drug-producing laboratories and a notable increase in seizures. However, while major legal and structural reforms have been enacted, effective implementation remains a challenge. The Bulgarian government has proven cooperative, working with many U.S. agencies, and has reached out to neighboring states to cooperate in interdicting illegal flow of drugs and persons. Nevertheless, Bulgarian law enforcement agencies, investigators, prosecutors and judges require further assistance to develop the capacity to investigate, prosecute and adjudicate illicit narcotics trafficking and other serious crimes effectively. Bulgaria is a party to the 1988 UN Drugs Convention.

II. Status of Country

In the past year, Bulgaria has continued to move from primarily a drug transit country to an important producer of narcotics. According to the Bulgarian Government, Bulgaria has surpassed Turkey as a center of synthetic drug production, and synthetic drugs have overtaken heroin as the most widely used drugs in Bulgaria. Amphetamines are produced in Bulgaria for the domestic market as well as for export to Turkey and the Middle East.

The Government of Bulgaria has emphasized its commitment to combat serious crime including drug trafficking. Despite some progress towards this goal, there were no major convictions for drug trafficking, or other serious related crimes, including organized criminal activity, corruption or money laundering during 2005. Among the problems hampering counter-narcotics efforts are poor inter-agency cooperation, inadequate equipment to facilitate narcotics searches, widespread corruption, and an often ineffective judicial system.

III. Country Action against Drugs

Policy Initiatives

The Bulgarian government has continued to implement the National Strategy for Drugs Control adopted by the Council of Ministers in 2003. In 2004, amendments to the Criminal Code abolished a provision which had decriminalized possession of one-time doses of illegal drugs for personal use. The effect of this policy has been to extend harsh penalties for drug possession to users as well as producers and distributors. NGOs, government bodies, and European institutions have disputed the effectiveness of this legislation, with some studies claiming that drug use has actually increased since its adoption.

Additional measures started in 2002 and continuing through 2005 included engaging NGOs in counter-narcotics partnerships and the establishment of 16 provincial prevention and education centers throughout the country.

Unfortunately, national programs for drug treatment and prevention, including the National Center for Addictions, have been consistently under-funded.

Accomplishments

The National Drugs Intelligence Unit, founded in October 2004, has improved coordination between law enforcement agencies by gathering and analyzing information relating to illegal drugs production and distribution. To date, the center has compiled data on over 300 suspected drug traffickers.

Law Enforcement Efforts

From January to November 2005, Bulgarian law enforcement agencies closed three illegal drug-producing laboratories and seized 2240 kg of drugs, including 395 kg of heroin, 61 kg of marijuana, 142 kg of cocaine, 1327 kg of synthetic drugs and 2000 vials and 27598 tablets of other psychotropic substances. Also seized were 192 kg of dry and 157 liters of fluid precursor chemicals. Bulgarian services report that the 12.5% increase in seizures of synthetic drugs over the same period in 2004 is due to increased demand for Bulgarian-produced synthetic drugs in Southwest Asia.

Corruption

In 2002, the government unveiled an "action plan" to implement its 2001 anti-corruption strategy. Despite some progress, corruption in various forms remains a serious problem. The Customs Service is widely considered the most corrupt government agency. In November 2005, 24 Customs officers, including the Deputy Chief of the Customs Service, resigned over allegations of corruption. Despite this, there was no evidence that senior government officials engaged in, encouraged or facilitated the production, processing, shipment or distribution of illegal narcotics, or laundered the proceeds of illegal drug transactions.

Agreements and Treaties

Bulgaria is a party to the 1988 UN Drug Convention, the 1961 Single Convention and its 1972 Protocol, the 1971 Convention on Psychotropic Substances and the 1990 Convention on Laundering, Search, Seizure and Confiscation of Proceeds from Crime. Bulgaria has also ratified the UN Convention Against Transnational Organized Crime and its Protocols.

Bulgaria is also party to the 1957 Council of Europe Convention on Extradition, the 1959 European Mutual Legal Assistance Treaty on Penal Measures and the 1983 Council of Europe Convention on Transfer of Sentenced Persons. The Bulgarian Customs Agency has signed memoranda of understanding on mutual assistance and cooperation with several European counterparts and is negotiating or updating others. Bulgaria coordinates with INTERPOL and EUROPOL.

The 1924 U.S.-Bulgarian Extradition Treaty and a 1934 supplementary treaty are in force although the agreement is generally agreed by both sides to be outdated and ineffective. It covers a limited list of enumerated offenses which do not include drug-related crimes. Some bilateral extradition issues have been addressed following the United States' ratification of the UN Convention against Transnational Organized Crime. This agreement provides for extradition for many previously non-extraditable offenses, including narcotics violations involving organized crime; however, this new legal basis for extradition has yet to be tested. In an effort to resolve remaining issues surrounding extradition, the Bulgarian Government in October 2005 submitted a formal request to enter into negotiations with the U.S. on an updated bilateral extradition treaty.

Cultivation and Production

The only illicit drug crop known to be cultivated in Bulgaria is cannabis, but the extent of cultivation is not known. It is certainly not very extensive, and is not a significant factor in abuse beyond Bulgaria's own borders. There has been a steady increase in the indigenous manufacture of synthetic stimulant products such as captagon (fenetylline).

Drug Flow/Transit

Synthetic drugs and heroin are the main drugs transported through Bulgaria. Heroin from the Golden Crescent and Southwest Asia (primarily Afghanistan) has traditionally been trafficked to Western Europe through the Northern Balkan route from Turkey through Bulgaria to Romania. However, Bulgarian authorities have noticed a recent shift in heroin trafficking to more circuitous routes through the Caucasus and Russia to the north and through the Mediterranean to the south. Other trafficking routes crossing Bulgaria pass through Serbia and Montenegro and the Republic of Macedonia. In addition to heroin and synthetic drugs, smaller amounts of marijuana and cocaine also transit

through Bulgaria. Precursor chemicals for the production of heroin pass from the Western Balkans through Bulgaria to Turkey and the Middle East. Synthetic drugs produced in Bulgaria are also trafficked through Turkey to markets in Southwest Asia. Principal methods of transport for heroin and synthetics include buses, vans, and cars, with smaller amounts sent by air. Cocaine is primarily trafficked into Bulgaria by air in small quantities.

Domestic Programs

Demand reduction has received government attention for several years. The Ministry of Education requires that schools nationwide teach health promotion modules on substance abuse. The Bulgarian National Center for Addictions (NCA) provides training seminars on drug abuse for schoolteachers nationwide. The NCA is in the process of opening prevention and education centers in each of Bulgaria's 28 administrative districts, 16 of which are currently operational. Three universities provide professional training in drug prevention. For drug treatment, there are 35 outpatient units, including 5 specialized methadone clinics which provide treatment to 770 patients. Twelve inpatient facilities nationwide offer 209 beds for more intensive addiction-related treatment. Specialized professional training in drug treatment and demand reduction has been provided through programs sponsored by UNODC, EU/PHARE and the Council of Europe's Pompidou Group.

IV. U.S. Policy Initiatives and Programs

DEA operations are managed from the U.S. Consulate General in Istanbul. The United States also supports various programs through the State Department, USAID, the Department of Justice (DOJ) and the Treasury Department to support the anti-narcotics efforts of the Bulgarian legal system. These initiatives address a lack of adequate equipment (e.g., in the Customs Service), the need for improved administration of justice at all levels and insufficient cooperation among Bulgarian agencies. A DOJ resident legal advisor works with the Bulgarian Government on law enforcement issues, including trafficking in drugs and persons. An American Bar Association/Central and East European Law Initiative criminal law liaison advises Bulgarian prosecutors and investigators on cyber-crime and other issues. A Treasury Department representative supports Bulgarian efforts to investigate and prosecute financial crimes, including money laundering. USAID provides assistance to strengthen Bulgaria's constitutional legal framework, enhance the capacity of magistrates and promote anti-corruption efforts. An FBI Legal Attache Office, opened in 2005, works closely with Bulgarian law enforcement on high-profile investigations and prosecutions, including those involving illegal narcotics.

V. Statistical Tables

Crop Cultivation

- (1) Coca: N/A
- (2) Potential Coca leaf: N/A
- (3) Opium: N/A
- (4) Potential Opium Gum: N/A
- (5) Cannabis: (need Washington data)
- (6) Potential Cannabis: (need Washington data)
- (7) Drug Seizures: (awaiting end-of-year GOB data)
- (8) Illicit labs destroyed by type: 3, all producing amphetamines.
- (9) Domestic consumption of illicit drugs: (awaiting GOB data)
- (10) Arrests: (awaiting end-of-year GOB data)
- (11) Users: See text under Domestic Programs

PART II - FINANCIAL CRIMES AND MONEY LAUNDERING

Bulgaria is not recognized as "an important regional financial center," nor has it been identified by the Financial Action Task Force or other such authorities as having specific money laundering issues requiring critically-needed reform. Its significance in terms of money laundering arises from its geopolitical position; well-developed financial sector relative to other Balkan countries; and lax regulatory controls and law enforcement.

There are few indicators of terrorist financing connected with Bulgaria. It is unknown whether drug trafficking constitutes "the" primary generator of criminal proceeds and subsequent money laundering in Bulgaria, but it is certainly a contributing factor. Financial crimes, including fraud schemes of all types; smuggling of persons and commodities; and other organized crime offenses also generate significant proceeds susceptible to money laundering. The sources for money laundered in Bulgaria likely derive from both wholly

domestic as well as international criminal activity. Financial crimes -- including significant tax fraud, credit card fraud, and counterfeiting of currency and negotiable instruments -- are prevalent.

Smuggling remains a problem in Bulgaria and is undoubtedly sustained by ties with the financial system. There is significant demand for black market goods smuggled both within and through Bulgaria. Excise goods -- to include fuel and cigarettes -- are transported from Asia to Western Europe and elsewhere. Ties between the smuggling of both goods and contraband such as narcotics likely exist, particularly where they rely on the same channels.

All financial sectors are susceptible to money laundering. There are 29 categories of reporting entities under the Bulgarian Law on Measures Against Money Laundering ("LMML"). Each category represents possible facilitators of the illicit movement of funds. To date, only the banking sector has substantially complied with the law's requirement to file Suspicious Transaction Reports ("STRs") in cases of suspected money laundering. Lower rates of reporting compliance by exchange bureaus, casinos, and other non-bank financial institutions can be attributed to a number of factors, including a lack of understanding of or respect for legal requirements, lack of inspection resources, and the general absence of effective regulatory control over the non-bank financial sector. While counterfeiting has historically been a serious problem in Bulgaria, joint activities of the Bulgarian Government and the U.S. Secret Service have contributed to a decline in counterfeiting in recent years. Bank and credit card fraud remains a serious problem. Post has no information to indicate that Bulgarian financial institutions engage in narcotics-related currency transactions involving significant amounts of U.S. currency or otherwise affecting the United States.

Since the end of 2003 the Financial Intelligence Agency (FIA) has completed a comprehensive assessment of the Anti Money-Laundering and Counter-Financing of Terrorism (AML/CFT) compliance in the Bulgarian financial and non-financial sectors. While the assessment showed a satisfactory level of AML/CFT compliance in general and particularly in the banking and the non-banking financial sectors, it also noted a lower level of compliance by casinos and designated non-financial businesses and professions (particularly notaries, lawyers and accountants). Following up on these findings the FIA took some awareness raising measures and organized joint on-site inspection and trainings with the State Gambling Commission (SGC). Based on the experience gathered the FIA and the SGC published in August 2005 a Handbook on Joint AML/CFT On-site Inspections of Casinos. In September 2005 the Minister of Finance adopted additional measures for improving AML/CFT awareness and reporting of suspicious transactions by casinos. Also in September 2005 similar measures, concerning lawyers, notaries and accountants, were approved.

There are no indicators that government policy or practice encourages, facilitates or engages in money laundering or terrorist financing. It is entirely possible that money derived from predicate criminal activity (including international drug trafficking) makes its way through the Bulgarian financial system into the international financial system. The U.S. dollar has historically been a favored currency in Bulgaria, but has recently been replaced by the Euro as a favored currency for financial transactions.

OFFSHORE FINANCIAL CENTERS

Bulgaria is not considered an offshore financial center, though offshore zones are likely used by Bulgarian-based money launderers. The FIA has negotiated Memoranda of Understanding with offshore jurisdictions (such as Cyprus) and taken other steps to permit more effective information sharing and analysis with counterpart financial intelligence units. There are few if any indications of terrorist financing through Bulgaria.

FREE TRADE ZONES

Since 2003, the operation of duty free shops has been targeted by the MOF as part of its efforts to address the gray economy and the smuggling of excise goods. Duty free shops play a main role in cigarette smuggling in Bulgaria, as well as smuggling of alcohol, and to a lesser extent perfume and other luxury goods. Attempts by the MOF to close down shops operating in Bulgaria have been unsuccessful, in part due to political opposition within the ruling coalition.

The focus of the Bulgarian government has been on the use of the duty free shops to violate customs and tax regimes. It is wholly possible that the shops are used to facilitate other crimes, including financial crimes. Credible allegations have linked many duty free shops in Bulgaria to

organized crime interests involved in forced prostitution, the drugs trade, and human trafficking. There is no indication, however, of links between duty free shops or free trade areas and terrorist financing.

MOF customs and tax authorities have supervisory authority over the duty free shops. According to these authorities, reported revenues and expenses by the shops have very clearly included activities other than duty free trade. Identification procedures are also lacking. MOF inspections have revealed that it is practically impossible to monitor whether customers at the numerous duty free shops have actually crossed an international border.

LAWS AND REGULATIONS

Article 253 of the Bulgarian Penal Code criminalizes money laundering. The article was adopted in 1997 and amended in 1998 and 2004. The most recent amendments, among other things, broaden the list of activities giving rise to a money laundering charge; increase penalties, including in cases of conspiracy and abuse of office; and clarify that predicate crimes committed outside Bulgaria can support a money laundering charge brought in Bulgaria. Article 253 is an "all offense" money laundering provision; drug trafficking thus is a recognized predicate offense.

The Financial Intelligence Agency (mentioned above) is an independent unit of the Ministry of Finance that serves as Bulgaria's financial intelligence unit (FIU).

Banks and 28 other reporting entities are required to apply "know your customer" standards and to identify "transactions suspected of money laundering." The LMML was amended in 2003 to include provisions to require listed reporting entities to demand an explanation of the source of funds for "operations or transactions in an amount greater than 30,000 BGL (approximately USD 18,072) or its equivalent in foreign currency; or exchange of cash currency in an amount of 10,000 BGL (approximately USD 6,024) or its equivalent in foreign currency." Reporting entities are also required to notify the FIA "of each payment made in cash, in an amount greater than 30,000 BGL or its equivalent in foreign currency, conducted by or for their client."

The LMML requires reporting entities -- including banks and other financial institutions -- to maintain records on clients and their transactions for five years. Those institutions may also be subject to internally-established recordkeeping requirements. The degree to which such information can be provided expeditiously to law enforcement is impacted by bank secrecy provisions that limit dissemination, absent a court order based on evidence of a committed crime. FIA is exempted from this requirement, however, which facilitates FIU-to-FIU information sharing. The LMML provides that disclosure of information by reporting entities "shall not give rise to liability for breach of other laws."

Financial institutions and others entities (e.g., notaries, privatization bodies, political parties, tax and customs authorities, certain merchants) are among the listed reporting entities in the LMML. They are obligated to report upon the occurrence of any "suspicious transaction of money laundering" and certain currency transactions (see response to item 28). Compliance by banks has been exemplary. Compliance by non-bank financial institutions continues to improve. From January to November 2005, the FIA received 662 STRs and 130,631 currency transaction reports (CTRs). The STRs had a total combined value of approximately USD 280 million. On the basis of the forwarded reports, 646 cases were opened. During the same period, the FIA referred 74 cases to the Supreme Prosecutor's Office of Cassation and 265 cases to the Ministry of Interior. FIA also forwarded 33 reports to supervisory authorities for administrative action. Bulgaria has strict and broad bank secrecy laws. While the FIA is exempt from these provisions, they otherwise apply to all government institutions and are sometimes cited as an impediment to the performance of legitimate law enforcement functions. For example, a court order upon the request of a prosecutor, and based on evidence of a committed crime, is required to lift bank secrecy. It is not uncommon, however, to have a situation where the very information sought by law enforcement and deemed secret is required as a basis for issuance of an order to lift secrecy. Moreover, courts have inconsistently applied standards for issuing the court order. There is a strong lobby that has prevented amendment of bank secrecy provisions by Parliament.

Customs rules require the declaration of all Bulgarian and foreign currency in cash in excess of 5000 BGL (approximately USD 3125). Due to inefficiency and corruption, enforcement of this requirement is questionable. Customs officials have acknowledged that cross-border currency transfers of significant amounts are common. To

comply with recent Financial Action Task Force recommendations regarding cross-border currency transfer, Bulgaria will need to improve bilateral information sharing with neighboring countries. Although there have been information-exchanges of customs data with Greece, Serbia and Romania, those exchanges have not been regularized.

There also is a significant counterfeiting problem in Bulgaria of currency (USD, EUR, BGL), negotiable instruments, and identity documents. The U.S. Secret Service maintains a full-time presence in Bulgaria, and through joint efforts with Bulgarian officials, has contributed to a continued decrease in this activity in 2005.

Penal Code Article 253b was enacted in 2004 to establish criminal liability for officials who violate, or through non-action fail to comply with, LML requirements.

Until 2004, there had been few investigations and indictments for money laundering and no convictions under the money laundering provisions of Penal Code Article 253. That negative trend appears to be changing, however. In 2005, the prosecution service has reported indictments of organized crime figures for money laundering. These figures are expected to increase in 2006 following a recent directive by the Prosecutor General instructing Bulgarian prosecutors to use multiple count indictments, including indictments that charge money laundering in addition to predicate offenses. This directive purports to change the current practice of charging only the predicate offenses. To date there have been no convictions for money laundering.

TERRORIST FINANCING

Bulgaria enacted the Law on Measures Against Terrorist Financing ("LMATF") on February 5, 2003, and also amended its Penal Code at Article 108a to criminalize terrorism and terrorist financing. Terrorist acts and financing qualify as predicate crimes under Bulgaria's "all crimes" approach in Penal Code Article 253, which criminalizes money laundering.

The LMATF and Penal Code provide for identification, freezing and seizing terrorist finance-related assets. The precise mechanisms for doing so have not been tested.

The various lists generated by the UN, EU, and U.S. of individuals and entities associated with terrorism have been circulated by the FIA in cooperation with the Bulgarian National Bank to the commercial banking sector and elsewhere. To date, no suspected terrorist assets have been identified, frozen or seized by Bulgarian authorities.

Bulgarian officials have not acknowledged existence or use of alternative remittance systems, such as hawala. As a general matter, however, regulatory controls over non-bank financial institutions remain lacking, with some of those institutions (e.g., pawnshops) engaging in banking activities (e.g., loan making with real estate as collateral) absent any regulatory oversight. Similarly, exchange bureaus, though ubiquitous, are subject to minimal regulatory oversight. The Bulgarian government - with assistance and support from U.S. and European technical assistance providers -- committed itself in 2005 to addressing these deficiencies as part of its ongoing effort to strengthen its anti-money laundering and counter terrorist financing measures, however results have been mixed. In early 2005 FIA began using Dunn and Bradstreet databases in its analysis. FIA completed the development of its electronic reporting system, managing both STRs and CTRs, and successfully linked its database to its Analyst's Notebook software platform.

In late 2002, the Bulgarian press reported on efforts by the Ministry of Finance ("MOF") to oversee and control the transfer of funds to Muslim charities in Bulgaria. In subsequent years, the issue did not receive sustained attention, and in practice little governmental oversight was exercised over the activities of Islamic charities. Anecdotal evidence indicates that charitable and non-profit legal status is frequently abused. In 2005 a joint task force between the FIA and the National Security Service was established to identify possible terrorist financing activities and terrorist supporters. Bulgaria ratified the 1999 UN International Convention for the Suppression of the Financing of Terrorism on January 31, 2002.

ASSET FORFEITURE AND SEIZURE LEGISLATION

A new Criminal Assets Forfeiture law, targeted at confiscation of illegally-acquired property, came into effect in March 2005. The law permits forfeiture proceedings to be initiated against property valued in excess of 60,000 BGN (approximately USD 36,145), if the owner of the property is the subject of criminal prosecution

for enumerated crimes and a reasonable assumption can be made that the property was acquired through criminal activity. The enumerated crimes include, among others, terrorism, drug trafficking, human trafficking, money laundering, bribery, major tax fraud, and organizing, leading or participating in a criminal group. The law requires the establishment of a Criminal Assets Identification Commission, which has authority to institute criminal asset identification procedures, as well as request from the court both preliminary injunctions and ultimately forfeiture. Although the Commission has been appointed it had not started actual work by year's end because of logistical problems.

Other key players in the process of asset freezing and seizing, as prescribed in existing law include the Ministry of Interior ("MOI"); MOF, including FIA; Council of Ministers; Supreme Administrative Court; Sofia City Court; and the Prosecutor General.

INTERNATIONAL COOPERATION

The European Convention on Laundering, Tracing, Seizure and Confiscation of the Proceeds of Crime (the "Strasbourg Convention") was ratified by Bulgaria in April 1993. The UN Convention Against Illicit Trafficking of narcotic Drugs and Psychotropic Substances (the "Vienna Convention") was ratified by Bulgarian in July 1992. The UN Convention Against Transnational Organized Crime was ratified by Bulgaria in April 2001. Bulgaria ratified the 1999 UN International Convention for the Suppression of the Financing of Terrorism on January 31, 2002. In addition, Bulgaria's FIU is a member of the Egmont Group and its director is a deputy chair of the Council of Europe's Select Committee of Experts for the Evaluation of Anti-Money Laundering Measures ("MONEYVAL"). For purposes of EU accession, Bulgaria has been deemed in full compliance with anti-money laundering requirements, although the development of case law remains weak.

Bulgaria is a party to the 1988 UN Drug Convention and the Council of Europe Convention on Laundering, Search, Seizure, and Confiscation of the Proceeds from Crime. Bulgaria is a party to the UN Convention against Transnational Organized Crime and the UN International Convention for the Suppression of the Financing of Terrorism. In December 2003, the GOB signed the UN Convention against Corruption but has yet to ratify it. Bulgaria is currently analyzing its domestic legislation and the legal implications linked to the ratification of this Convention.

Bulgaria withdrew on February 4, 2004, the reservations made in 2001 at the ratification of the Criminal Law Convention on Corruption. On the same day, Bulgaria ratified the Additional Protocol to the Council of Europe Criminal Law Convention on Corruption, which was signed on May 15, 2003. Thus, Bulgaria became the second state to ratify the Additional Protocol. The OECD Anti-bribery Convention entered into force in Bulgaria on February 15, 1999, following its ratification by Parliament on June 3, 1998. Instruments of ratification were deposited with the OECD Secretary-General on December 22, 1998.

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The U.S. does not have a bilateral mutual legal assistance treaty (MLAT) with Bulgaria. Information has to date been exchanged formally through the letter rogatory process, which can be inexpedient and inefficient. However, the United States' December 3, 2005, ratification of the UN Convention against Transnational Organized Crime (TOC Convention) establishes an MLAT-like relationship between the United States and Bulgaria for most criminal activity involving three or more people. Given the presence of operational U.S. law enforcement officers, there is also opportunity for informal information exchange with counterparts. Additionally, the LML provides for information exchange between FIA and other FIUs including FinCEN. Currently, Bulgaria has bilateral memoranda of understanding (MOU) regarding information exchange relating to money laundering with 27 countries. Negotiations with 5 more states are currently in progress. FIA is authorized by law to exchange financial intelligence on the basis of reciprocity without the need of a MOU. Between January and December 2005, the FIA sent 332 requests for information to foreign FIUs and received 83 requests for assistance from foreign FIUs (the FIA has replied to 87% of the requests so far). Bulgaria has also entered into an intergovernmental agreement with Russia that promotes anti-money laundering cooperation.

Bulgarian authorities have a good record of cooperation with USG counterparts. In 2005, Bulgarian law enforcement and prosecutors, joined by international counterparts, took part in international operations that have resulted in arrests and prosecutions in both Bulgaria and the United States for

significant financial crimes, including money laundering, credit card fraud, and counterfeiting. With support from the US Treasury Department and USAID, a joint Task Force was established to allow representatives of FIA, the Financial Supervision Commission, and the Bulgarian National Bank to coordinate regulatory and supervisory AML/CFT activities.

BEYRLE